

Memorandum



Date: April 24, 2007

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Acceleration Process Report on Building Better Communities General Obligation (BBC-GOB)
Bond Program Project

Agenda Item No. 14(B)1

In response to an inquiry made by Commissioner Rolle at the February 6, 2007 Board of County Commissioners (Board) meeting, this report provides information regarding the criteria and process being utilized to evaluate the acceleration of *Building Better Communities* General Obligation Bond projects as well as my recommendation for the use of premium and surplus funds and accrued interest.

Let me begin by emphasizing that any proposed project acceleration does not involve "additional" bond funds. The acceleration of projects merely moves forward Board authorized projects that are progressing at a faster pace than originally anticipated and the associated funding programmed from future years. The process for granting acceleration requests has resulted in benefits to every Commission District. We have been able to timely accommodate valid acceleration requests by utilizing an established evaluation process. Most importantly, these accelerations have not "de-funded" or delayed any other project.

While the value of the overall bond program remains unchanged at \$2.9 billion, the increase in tax roll growth is expected to generate capacity for the sale of an additional \$100 million in bonds for 2007 and \$50 million in bonds for 2008 for a total advancement of \$150 million in revenue over the next 24 months rather than in the later years of the program (Attachment 1). Again, these are not "additional" monies, simply funds that have been moved forward due to the positive tax roll growth at this time. Since we expect this growth trend to continue, albeit at a less vigorous rate, we have decided not to extend the forecast of our growth calculation beyond the next two years. Therefore, in light of the \$150 million made available earlier than expected in the program, we have the capacity to fund any valid project acceleration without having to de-fund or delay any projects.

The receipt of a premium on a bond sale is another method to fund accelerations. Premium funds are generated whenever the County receives a better than anticipated interest rate on a bond sale. As you may recall, \$13.6 million in premium funds were generated from the first bond sale in July 2005. These are not additional dollars beyond the \$2.9 billion program but are simply another case of obtaining funds earlier than expected. Projects such as the Arcola Police Station in District 2, Metrozoo in District 9 and the purchase of the Miami Beach Clinic in District 5 were accelerated using premium funds.

The primary decision factor in the determination to accelerate a BBC project is the concept of "project readiness." A project meets the readiness test when the stakeholder has demonstrated that the project scope is completely defined, all the necessary resources are in place and the project delivery system will start within the next 270 days or less. The technical analysis necessary to determine the readiness of a project is performed by professional staff with the technical skills acquired through both experience and training, in various construction and engineering disciplines. The Board previously authorized, through the adoption of Resolution No. R-1208-06, to amend the list of projects financed by the first bond sale (Exhibit "A") as necessary to maintain progress on the BBC program. Acceleration requests are also presented to the GOB Citizens' Advisory Committee, and the Board is informed of significant accelerations as the final measure of transparency and oversight. The process that has been utilized to evaluate requests for acceleration is shown in Attachment 2.

In addition, Attachment 3 shows the process and associated technical reviews that are utilized to evaluate requests for significant modifications to project scopes even when funding accelerations are not required. Significant modification to a project's scope would modify one of the eight GOB authorizing resolutions approved by the Board in July 2004. Hence, these modifications require a public hearing and Board action. We have used this process to make necessary changes in scopes to the Wolfsonian and Metrozoo Amazon and Beyond projects.

I also wish to point out that prior acceleration actions have touched each Commission District following this process. Examples of projects that have been accelerated are listed below:

- Water and Sewer Improvements (District 1)
- Gwen Cherry Park Improvements, Poinciana Garage, Arcola Police Station, (District 2)
- Hampton House (District 3),
- Joe Moretti, Dante Fascell, Three Round Towers and Annie Coleman housing projects (District 3)
- North Bay Village Water and Sewer Improvements, Biscayne Park Drainage (District 4),
- Little Havana Activity Center, Lincoln Gardens housing project (District 5),
- Acquire/construct multi-purpose facility, Hialeah infrastructure upgrades (District 6)
- Crandon Park Area-wide Improvements (District 7),
- Redland Fruit & Spice Park and Environmentally Endangered Land acquisitions (District 8),
- Metrozoo Improvements, Environmentally Endangered Land acquisitions (District 9),
- Tropical Park Improvements (District 10),
- Tamiami Park Ballfield Construction (District 11),
- Lightspeed Building purchase, Hialeah Infrastructure Improvements (District 12)
- Hialeah Infrastructure Improvements (District 13)

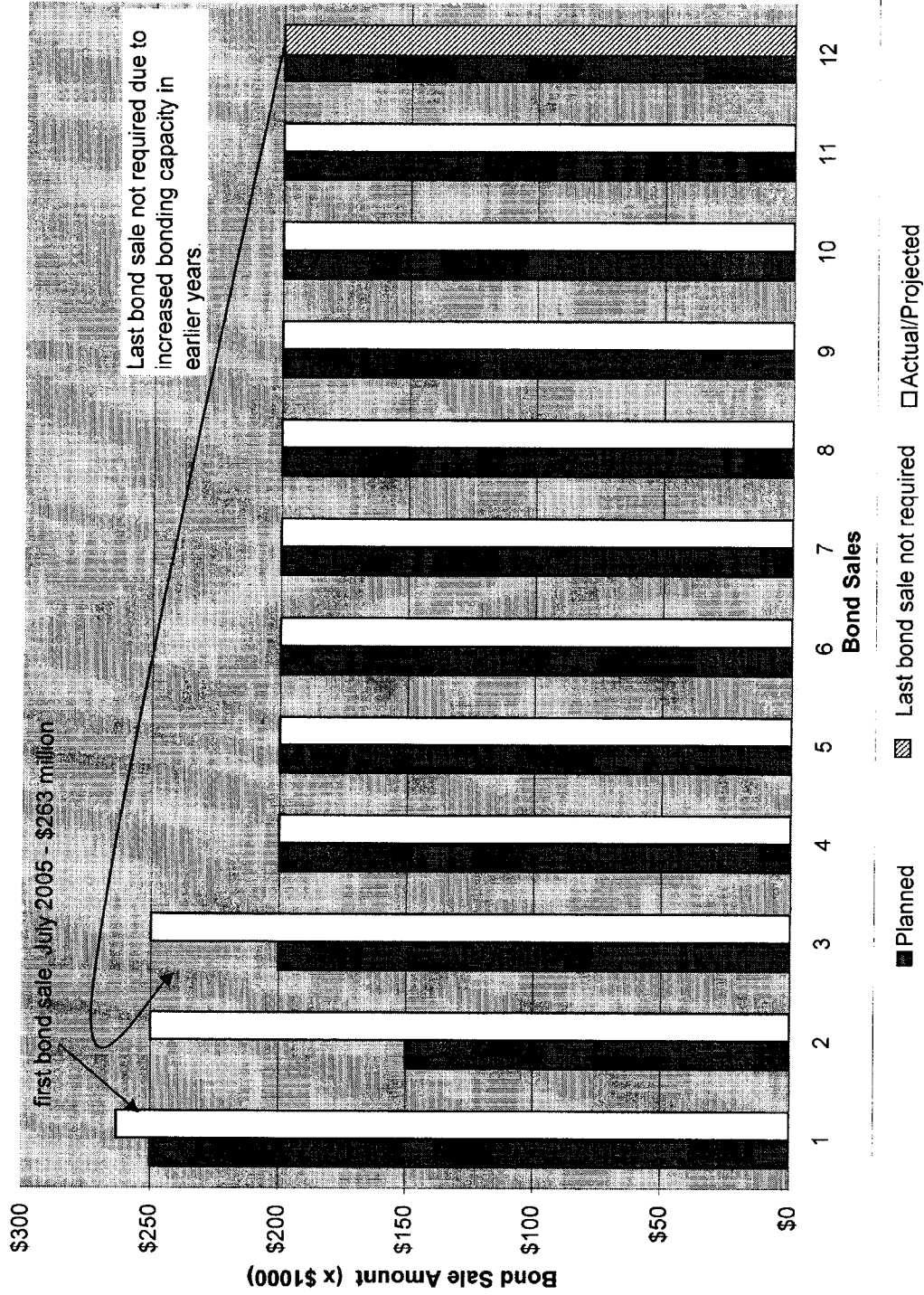
We are currently evaluating additional acceleration requests.

Additional bond dollars are only made available by interest earnings and/or surplus funds. Interest earnings accrue from the time bonds are sold to the time the bond proceeds are spent. Surplus funds are dollars freed up when a project is completed for less than the authorized allocation or from a project that the Board cancels because the public need no longer exists. As you are aware, all the BBC-GOB projects and associated allocations were identified by the Board prior to the November 2004 vote. However, we must keep in mind that since that time, the Building Cost Index has grown at yearly rates of 10% for 2005 and 10.6% for 2006; while, certain construction materials such as steel and concrete have escalated at much higher rates. It is my intention to apply interest and surplus funds to cover project inflationary needs only when no other appropriate funding source is available. However, since, we are presently less than two years into a 15-year program; it is my recommendation that interest earnings and surplus funds only be used when all projects approved by voters have been completed or a compelling need arises. At that time, the Board will determine whether to use interest or surplus funds if any are available to augment an existing GOB project allocation, retire the GOB debt earlier or to add new projects.

In the interest of avoiding project delays, I recommend that we continue to follow the acceleration process currently being utilized for the allocation of future premium funds. In the event that a proposed acceleration request has the potential to delay another (donor) project, a request will be brought to the Board for consideration before authorization to go forward is granted. Quarterly BBC-GOB progress reports reflecting acceleration requests will be presented to the Board.


Assistant County Manager

Building Better Communities Bonding Capacity (Attachment 1)



PROCESS FOR REQUESTS FOR ACCELERATION FOR BUILDING BETTER COMMUNITIES-GENERAL OBLIGATION BOND (BBC-GOB) PROJECTS

- I. The following generally addresses the proposed process for informing the Board of County Commissioners (Board) regarding significant requests to accelerate BBC-GOB projects and the allocation of premium funds.

Requests for Funding Acceleration

1. OCI becomes aware from a BBC-GOB stakeholder of a project that is moving forward faster than anticipated and is ready to proceed immediately;
2. The stakeholder submits an official request for significant acceleration of the subject project to OCI;
3. OCI reviews the stakeholder request with the County Attorney's Office (CAO), based on the criteria below, to make a determination regarding whether or not the proposed acceleration is significant; Funding acceleration priority ranking criteria include:
 - a) Unique and/or time-sensitive opportunities such as property acquisitions;
 - b) Project Continuity: Project has started with Non-GOB funding and needs acceleration to continue to the next phase;
 - c) Matching leverage funds (and related time constraints);
 - d) Project Start Readiness
 - e) Impact to Community
 - f) Economic Development: Not-for-Profit entity has resources to start new project(s) and acceleration is needed to implement project(s) that will spur the local economy.
4. If the proposed acceleration does not delay the donor stakeholder project's schedule or projected cash flow requirements, OCI approves the proposed significant acceleration administratively, re-allocates funding required for the subject accelerated project to move forward and notifies the stakeholder that they are free to proceed with the implementation of the subject accelerated project. In the event that a proposed acceleration is anticipated to delay the donor stakeholder project, we would bring that to the Board for approval;
5. The BBC-GOB Database is updated by the stakeholder to reflect the latest information for the subject project;

PROCESS FOR REQUESTS FOR ACCELERATION FOR BUILDING BETTER COMMUNITIES-GENERAL OBLIGATION BOND (BBC-GOB) PROJECTS

6. Project implementation proceeds;
7. On a quarterly basis, OCI prepares a report on the project(s) accelerated including the description of the proposed accelerations, the County Manager's Office reviews and approves the quarterly acceleration report and the report is then presented to the BBC-GOB Citizens' Advisory Committee (CAC);
8. The quarterly acceleration report is presented to the Governmental Operations and Environment Committee (GOE) and all other relevant committees;
9. The quarterly acceleration report is presented to the full Board of County Commissioners (BCC).

PROCESS FOR REQUESTS FOR SIGNIFICANT MODIFICATIONS IN SCOPE OF BUILDING BETTER COMMUNITIES-GENERAL OBLIGATION BOND (BBC-GOB) PROJECTS

- I. The following generally explains the proposed process for requesting approval from the Board of County Commissioners (Board) for significant scope modifications to the scopes included in the eight authorizing resolutions approved by the Board in July 2004. Approval of significant scope modifications require a public hearing:

Significant Scope Modifications

1. OCI becomes aware from a BBC-GOB stakeholder that significant scope modifications are required for a project;
2. The stakeholder submits the proposed scope modifications to OCI for review;
3. OCI reviews the stakeholder request with the County Attorney's Office (CAO) to make a determination if the proposed scope modifications are significant;
4. OCI prepares an agenda item requesting approval of the proposed significant scope modifications. This item will include a description of the proposed significant scope modifications, the previous scope, the new proposed scope and the reasons why the change is required;
5. The CAO reviews the agenda item and staff incorporates any necessary changes, the County Manager's Office reviews and approves the agenda item and the agenda item is presented to the BBC-GOB Citizens' Advisory Committee (CAC);
6. The agenda item is presented to the Governmental Operations and Environment Committee (GOE) and all other relevant committees for approval;
7. The agenda item is presented to the Board of County Commissioners for approval;
8. The 10-day Mayor Veto Period expires;
9. OCI notifies the stakeholder that they are free to proceed with the implementation of the significant scope modifications;
10. The BBC-GOB Database is updated by the stakeholder to reflect the latest information for the subject project;
11. Implementation of significant scope modifications proceeds.